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SUBJECT: BRAZILIAN PRESIDENTIAL FOREIGN POLICY ADVISOR
MARCO AURELIO GARCIA'S VISIT TO PERU

Classified By: Political Counselor Alexander Margulies.
Reason: 1.4(b/d).

SUMMARY

¶1. (C) Brazilian presidential foreign policy advisor Marco Aurelio Garcia visited Peru the week of 1/30, meeting with President Alejandro Toledo; Foreign Minister Oscar Maurtua and other Foreign Ministry officials; Andean Community Secretary General Allan Wagner; leading presidential

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candidates Lourdes Flores, Ollanta Humala, Alan Garcia and Valentin Paniagua (all of whom he invited to visit Brazil for meetings with President Lula); and Congressman and long-shot presidential candidate Javier Diez Canseco. According to Foreign Ministry and Brazilian Embassy sources, Humala is the only presidential candidate certain to visit Lula; Garcia's meeting with GOP officials concentrated on advancing the South American Community of Nations (CASA) in the face of serious internal difficulties within its component bodies the Andean Community of Nations (CAN) and MERCOSUR, as well as on providing Brazil's positive assessment of Evo Morales' prospects in Bolivia, its relative non-concern with the threat of increased coca cultivation there, and its interest in improved Peruvian-Chilean relations. END SUMMARY.

¶2. (C) On 2/2, Polcouns met with Foreign Ministry Under Secretary for the Americas Pablo Portugal, North American

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Affairs Director Nestor Papolizio, and U.S. Desk Officer Victor Altamirano, while Deputy Polcouns met with Brazilian Poloff Ademar Cruz, to discuss the recent visit of Brazilian presidential foreign policy advisor Marco Aurelio Garcia, particularly Garcia's invitation to Ollanta Humala, and the other three leading candidates, to visit Brazil for meetings with Lula. U/S Portugal noted that Garcia, on the margins of the World Social Forum in Caracas, had asked Peru's Ambassador to Venezuela to help set up a follow-on visit to Peru for meetings with the top presidential contenders. Garcia also met with President Toledo, Foreign Minister Maurtua, Congressman Diez Canseco, a long-time personal friend of Garcia and Lula, and CAN SecGen Wagner.

MEETINGS WITH THE PRESIDENTIAL CONTENDERS

¶3. (C) Brazilian Embassy Poloff Cruz said that Garcia was impressed that all of the leading presidential candidates tended to be analytical in their comments, and in many ways agreed in their assessments of the race. Garcia invited all of them to meet with Lula in Brazil, but only Humala accepted outright. Cruz then described Garcia's meetings with each candidate as follows:

-- Lourdes Flores (Unidad Nacional): There was not much out of the ordinary in the meeting with Flores; she did not/not talk about campaign strategy or financing. She did go to great lengths to praise APRA candidate Alan Garcia and his contributions to the country; so much so that the Brazilian Embassy has concluded that there is an APRA-Unidad Nacional alliance for the second round, assuming that Garcia and Flores are not facing each other in the run-off. (NOTE: Flores, on 2/2, said that she would not/not visit Lula, since "political debates should take place in Peru," and as a trip would take her away from the campaign. END NOTE).

-- Ollanta Humala (Union por el Peru): The meeting with Humala took place at the candidate's house. Humala was late, but his wife Nadine entertained the Brazilians graciously prior to his arrival. Humala himself was very polite, upright and not at all a firebrand. He went to great lengths to portray his views as sincerely nationalistic with abiding social concerns. Humala expressed the desire to peacefully co-exist with both Brazil and the U.S. He claimed to have plenty of financial support, which he said came from the business community. Humala was very anxious to make the trip to Brasilia. (COMMENT: Cruz said that the Brazilian Embassy is concerned about how to handle the visit if Humala is the only one who meets with Lula. END COMMENT).

-- Alan Garcia (APRA): Alan Garcia was not as upbeat as usual and seemed frustrated about his stagnation in the polls. He did try to make the case about a "hidden" APRA electorate. Otherwise he was his usual self, lauding the Lula government, the strategic Peru-Brazil partnership, and "typically" saying what he thought the Brazilians would want to hear.

-- Valentin Paniagua (Centrist Front): Paniagua was his usual professorial self, and the Brazilians do not/not see him as being a factor in the race.

¶4. (C) Portugal provided the following assessment on Marco Aurelio Garcia's debriefing of Foreign Ministry officials on his meetings with the four presidential contenders:

-- The Brazilian Government is very concerned about political, economic and social tensions in the region, and has decided to take a more active role.

-- Brazil is not/not looking to exert leadership, but rather to play a constructive role by engaging in enhanced dialogue with political forces throughout South America. This enhanced dialogue will also keep the GOB better informed, and thus in a better position to adjust its policies and actions as necessary.

-- The GOB disapproves of Venezuelan President Hugo Chavez's actions that promote "intranquility" in the region, and disagree with Chavez's assessment that the countries belong to different "axis." Instead, Brazil will push for South American integration, not division, viewing its role as that of a stabilizer, helping to glue the continent together in all respects.

-- Following the uncertainties surrounding the election of Evo Morales in Bolivia, Brazil considers the Peruvian election to be key to preserving democratic stability and

processes in the Andes. Peru's importance is the reason why Chavez has intervened with his statements promoting Humala's candidacy and attacking Flores. Morales also favors Humala, although he has been more cautious than Chavez in expressing his preference.

-- Brazil's message to the four candidates has been to emphasize respect for democratic processes, as well as on the need to maintain governability following the election and the inauguration of the next government.

SOUTH AMERICAN COMMUNITY OF NATIONS

15. (C) According to U/S Portugal, Garcia's meetings with GOP officials focused on the future of the South American Community of Nations (CASA). Portugal then provided the following read-out on those talks, at times requesting Altamirano to read verbatim from the Foreign Ministry's memcon on the Garcia-Maurtua meeting, to clarify specific points:

-- Garcia has been chosen by Lula as Brazil's representative on the CASA Committee on Strategic Reflexion, which is soon to commence discussion on designing CASA's final institutional profile. Chavez has named Integration Minister Gustavo Marquez to this committee, while Toledo has yet to decide between several qualified candidates.

-- Brazil recognizes that for CASA to progress, its two component parts -- the Andean Community (CAN) and MERCOSUR -- must be stabilized. It also recognizes that the CAN is in crisis due to Chavez's antics (Garcia recommended that the GOP just ignore his diatribes, adding that Lula has privately helped to rein-in the Venezuelan leader on this score), while MERCOSUR has serious internal problems due to the unhappiness of Paraguay and Uruguay, who believe that they are not getting a fair shake.

-- The discussions on CASA concentrated on promoting all members' political buy-in on the organization; developing "innovative financing mechanisms," including private-sector participation, in order to pay for infrastructure integration, implement the CASA social agenda (a must if Venezuela's Chavez and Uruguay's Tabare Vasquez are to be brought on board), develop energy sources and connections, and promote air and maritime transportation.

-- Brazil and Peru agree that Chavez's proposed Banco del Sur should not/not be relied on by CASA, but rather that the Andean Development Fund (CAF) should be strengthened and enhanced in order to channel these "innovative financing mechanisms."

BOLIVIA

16. (C) According to U/S Portugal, Garcia said that his meetings with Evo Morales and other Bolivian officials on the margins of Morales' inauguration went very well. He said that Morales was impressed with Petrobras' importance to the Bolivian economy, as well as with its multi-billion dollar investment plans there, and wanted to work with the Brazilian oil giant. Garcia stressed to the Peruvians that the Brazilian Government recognizes the absolute democratic legitimacy of Morales' government, is impressed by Morales' support in Congress, and believes that Morales has the democratic mandate to go ahead with a constituent assembly.

17. (C) Foreign Minister Maurtua, U/S Portugal said, raised the prospect of increased coca cultivation in Morales' Bolivia, noting that most Bolivian cocaine is bound for Brazil. Garcia responded, U/S Portugal related, by acknowledging this fact, but then minimized its importance claiming that most of this cocaine is not/not consumed in Brazil, but transits the country en route to Europe and

Africa. Garcia then added that he had warned Morales that the Bolivian leader had to confront narcotraffickers or they would destroy his presidency.

CHILE

18. (C) Garcia, U/S Popolizio stated, was hopeful that relations between Peru and Chile would improve following the inauguration of Michelle Bachelet and expressed interest in the ongoing dispute over maritime boundaries. Foreign Minister Murtua replied that bilateral ties are moving forward, that Peru views the maritime boundary problem as a legal and not a political issue, and, consequently, that the GOP plans to take this issue to the International Court of Justice and will not/not treat it as a political issue.
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